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The great truck race:
Temporarily on hold

April 27, 1981

RAILWAY AGE

THE ERA OF THE GIANTS

Western Pacific



Union Pacific



Missouri Pacific



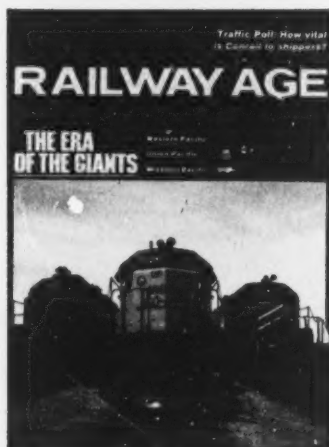
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RAILWAY AGE

April 27, 1981

FEATURES



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THE ERA OF THE GIANTS UP/MP/WP

20 A whole greater than the sum of its parts

Three strong railroads, sensing trouble ahead if they pursue their independent ways, want to achieve continued strength through unity. But it won't be easy. The case is so complex it could be the ICC's toughest in many years.

28 GE's C36-7: A balance of power

Norfolk & Western has ordered six of the new high-horsepower, high-adhesion units. In formally introducing the first unit April 14, GE seized the occasion to show off its modernized manufacturing facilities in Erie, Pa.

36 Alternative fuels: A progress report

Southwest Research Institute continues its search for less expensive fuels for medium-speed diesel engines. Results to date are called encouraging, but much more testing is needed, along with much more money to pay for it.

40 The great truck race: Temporarily on hold

The Truck Design Optimization Project, which tests premium trucks against each other and against standard trucks, is running into an old problem: funding. Results so far, while inconclusive, do provide some broad guidelines.

50 What Conrail wants from Congress—and others

CR's Stanley Crane calls not only on Congress, but on labor, shippers, and all others who benefit from rail service in the Northeast and Midwest, to make the "sacrifices and contributions" needed to maintain that service.

54 The Corridor study: Amtrak vs DOT

The Emerging Corridors study, originally designed to pinpoint those thickly populated corridors best able to support high-speed passenger service, has run into trouble, because its two "authors"—Amtrak and DOT—can't agree.

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COVER: Side-by-side locomotives of WP, UP, and MP symbolize the hoped-for union of the three roads.

Railroad rate of return at 25-year high

The Association of American Railroads has now closed the books on 1980—and what those books show, for the railroad industry as a whole, is an uncommonly rosy financial picture. In a year of general economic recession, the Class I railroads reported net railway operating income of \$1.337 billion and a rate of return on net investment of 4.25%, highest in a quarter of a century. In the previous year, net railway operating income was \$858 million and the rate of return was 2.91%.

Ordinary (net) income last year was \$1.131 billion, up from \$839.5 million in 1979.

An AAR statement attributed the improved earnings "in part to record traffic levels, improved utilization of equipment, and additional revenues emanating from rate adjustments during the year."

Operating revenues increased by \$2.9 billion; operating expenses rose by only \$2.26 billion.

AAR President William H. Dempsey noted that despite the recession, coal and grain movements remained strong. Coal was up nearly 9%; grain rose by 10%.

Dempsey called the improvement in earnings "encouraging," but said profits "remain woefully lower" than the levels required to maintain the industry in a healthy posture. He pointed out that maintenance of way expenditures rose to \$4.9 billion in 1980, an increase of 7% over 1979, and maintenance of equipment outlays rose to \$6.4 billion, an increase of 6.3%.

Seven of the 36 reporting Class I railroads operated at a loss in 1980—five in the East, one in the West and one in the South:

CLASS I RAILROADS IN THE UNITED STATES

For the Calendar Year

	1980 (millions)	1979 (millions)
Operating revenues	\$28,254.4	\$25,352.3
Operating expenses	26,352.2	24,092.9
Income taxes on ordinary income	309.8	209.5
Provision for deferred taxes	283.0	213.4
Net railway operating income		
United States	1,337.3	857.9
Eastern District	5.6	Def. 164.9
Southern District	417.3	345.0
Western District	914.4	677.8
Rate of return on net investment	4.25%	2.91%
Ordinary net income*		
United States	1,130.8	839.5
Eastern District	9.6	Def. 128.8
Southern District	392.5	316.5
Western District	728.7	651.8

For Fourth Quarter

Operating revenues	\$7,514.0	\$6,851.3
Operating expenses	6,807.4	6,422.1
Income taxes on ordinary income	122.8	56.2
Provision for deferred taxes	52.3	79.3
Net railway operating income		
United States	539.6	299.1
Eastern District	101.9	Def. 21.4
Southern District	122.2	100.3
Western District	315.5	220.2
Ordinary net income*		
United States	545.2	317.7
Eastern District	128.0	Def. 0.9
Southern District	120.5	99.9
Western District	296.7	218.7

Def. = Deficit *Income before extraordinary items.

Amtrak: Cut down in its prime?

At a time when the Reagan Administration is insisting that much of the Amtrak system is a useless drain on the federal treasury, the railroad is experiencing "unprecedented demand for rail passenger service." "Anyone not aware of this situation," adds Amtrak in a setting-the-record straight statement, "simply hasn't tried to make a reservation recently."

Amtrak made these points in its April 15 statement:

—"In the month of March, typically a low ridership month, at least 6,100 persons had to stand on Amtrak trains due to crowded conditions. Amtrak's problem isn't having enough passengers to fill its seats; it's having enough equipment to

satisfy the demand for those seats."

—"As of April 1, all coach and/or sleeping accommodations had been completely sold out on a total of 645 trains operating between April and September. With the exception of 22, all of these trains operate outside the Northeast Corridor. (Most trains in the Northeast Corridor do not require reservations.)"

—"As of April 1, almost 13,500 persons had been placed on waiting lists at Amtrak's reservations centers in the event that more space becomes available. One reservations center has received more than 2,000 waiting list requests for space on New York-Florida trains for a 10-day period alone."

—"Systemwide, over 40% of Amtrak's

coach seats on reserved trains are booked two weeks in advance. Over a third of all such seats are already booked through Easter. Over two-thirds of all overnight accommodations are already booked through Easter as well. Amtrak's busy season, the summer, will see much higher advanced booking levels."

—"Even though Amtrak's five reservations centers handled a record of 22 million calls in fiscal year 1980, they cannot handle all the requests for information and reservations they receive daily. In this fiscal year alone, the call volume has increased by an average of 7.3%. In view of this increasing amount of interest in Amtrak service, the corporation is currently undergoing a massive moderniza-

Corridor study: Amtrak vs DOT

"The findings of this study now confirm our view that densely populated corridors offer the most promising markets for developing cost-effective passenger rail service in the United States...."

—Amtrak President Alan S. Boyd commenting on the Emerging Corridors report.

"Few, if any, of the markets have any potential to support cost effective rail corridor service...."

—Secretary of Transportation Drew Lewis commenting on the same report.

Coming as it has from a shotgun wedding of the Department of Transportation and Amtrak, the Emerging Corridors Report demonstrates little mutual respect or trust between the two agencies. Riddled with ifs, ands, and buts, the report reflects two frequently opposing points of view.

The report identifies and analyzes 25 intercity corridors and corridor segments for their potential to support a minimum of three daily passenger train round-trips at a top speed of 79 mph. These guidelines had been established in a preliminary report issued in July 1980. That study determined, to DOT's and Amtrak's satisfaction, that higher speeds could not justify the costs to attain them. [Increasing the number of daily round-trips reached the point of diminishing returns somewhere between three and six trips for most corridors.]

The most recent study was due to be submitted to Congress on Feb. 15, but delayed until April 10 while the new administration made its mark. In the report, the corridors are ranked by the cost of achieving projected fuel savings and the cost per passenger mile. While the new study generally concurs with many of the earlier report's findings, it differs significantly in the method of establishing a comparative ranking between corridors. DOT had included past state support as a factor in determining the likelihood of future involvement, a practice the Department now says served to "penalize or reward states for past performance when the basic issue being addressed is what state and local authorities would do about future rail passenger service."

DOT and Amtrak may find themselves finally agreeing on that point, but the report is filled with brickbats thrown by Amtrak at many other major assumptions made by DOT.

Most significant among the disputes is the method used to determine each corridor's cost-effectiveness. The report notes, "Since all energy conservation assumptions and the cost-effectiveness analysis are based on what Amtrak considers to be a fundamentally erroneous projection, Amtrak suggests that such

How the Emerging Corridors Compare to the Northeast Corridor:

All information expressed as a percentage of NEC data

Corridor	Population	Average Speed	Avoidable Cost	Total Passenger Miles
Atlanta-Nashville	14.5	56.0	5.1	0.9
Atlanta-Savannah	11.0	61.0	5.0	0.37
Boston-Springfield-New Haven	23.0	58.0	4.6	2.9
Cleveland-Columbus-Cincinnati	24.0	62.0	5.4	1.5
Chicago-Cincinnati	41.9	64.0	6.9	5.4
Chicago-Cleveland	46.6	71.0	9.8	4.5
Chicago-Detroit	57.3	68.0	11.4	7.4
Chicago-St. Louis	41.9	66.8	9.7	4.8
Chicago-Twin Cities	50.0	73.0	9.9	6.7
Chicago-Milwaukee	37.0	73.7	4.5	2.0
Los Angeles-Las Vegas	33.3	64.0	6.1	5.3
Los Angeles-San Diego	48.7	66.4	12.1	9.2
San Jose-Reno	25.2	60.0	7.7	2.7
San Jose-Sacramento	58.1	61.0	3.7	0.8
Miami-Jacksonville	20.5	65.2	9.2	4.8
New York-Buffalo	82.1	71.8	26.0	17.2
New York-Albany	54.0	72.4	11.5	4.7
Philadelphia-Atlantic City	22.2	50.1	15.3	10.0
Philadelphia-Harrisburg	23.5	78.8	6.6	3.2
Seattle-Portland	15.0	62.5	8.0	2.9
Texas Triangle	29.5	67.3	22.8	7.1
Dallas/Ft. Worth-Houston	26.5	67.3	9.3	3.0
Dallas/Ft. Worth-San Antonio	21.0	67.0	10.1	2.6
Houston-San Antonio	17.0	67.0	4.7	1.5
Washington-Richmond	17.1	64.1	4.3	2.0

conclusions must be treated with caution."

Amtrak complains that the report paints a picture of massive shifts between buses and trains when frequency and ticket prices change. According to the report, a bus is more fuel efficient (at an average 135 passenger-miles/gallon) than most trains. The shift of travelers from bus to rail would result in the consumption of more fuel over many of the studied routes. Amtrak maintains that most of its passengers have historically come from auto users and that this trend would continue, resulting in better fuel economy ratings.

As to DOT's method of computing rail efficiency, Amtrak wonders whether the tests used as a model can accurately be applied to other corridors. The data is from sample trips between Boston and New Haven, a route on which, Amtrak notes, there are unique curve and grade characteristics.

Amtrak stands up again in its own defense when DOT starts making the cost-effectiveness evaluation. The Department uses three basic criteria for each route: 1) capital improvement cost per passenger mile, 2) the cost of achieving

expected fuel savings (between \$5 and \$316 per gallon of gas saved, depending on the corridor), and 3) avoidable loss per passenger mile.

"This approach," Amtrak says, "does not take into account a number of factors that are significant...such as environmental benefits, improved traveler safety, urban development benefits, and productive employment opportunities. Nor does this approach take into account the cost effectiveness of rail service as compared with other transportation modes serving the same points."

The reason for all this fuss, of course, is that Amtrak fears DOT's projections will spell doom for many if not all the emerging corridors. Amtrak considers the development of short-distance rail service essential to its survival.

Amtrak President Alan S. Boyd says, "These lucrative markets are a natural for Amtrak because our current corridor experience has proven that the public will use alternatives to the private automobile if those transportation alternatives are competitively priced, comfortable and convenient."

Among the 25 corridors studied, Amtrak points out that at least nine meet the

congressionally mandated performance criteria for short-distance trains. These routes would cover more than 50% of their avoidable loss and are listed in order of their performance:

- Los Angeles-San Diego.
- Chicago-Cincinnati.
- Boston-Springfield-New Haven.
- Los Angeles-Las Vegas.
- Chicago-Twin Cities.
- Chicago-Detroit.
- New York-Buffalo.
- Philadelphia-Atlantic City.
- Miami-Jacksonville.

Four other routes join those nine if Amtrak's ridership projections are used:

- Philadelphia-Harrisburg.
- Washington-Richmond.
- Chicago-St. Louis.
- Chicago-Cleveland.

The report uses two basic situations to judge corridor performance. One supposes starting service from scratch, whether trains already operate over the route or not. The other, "incremental" basis computes the cost of providing additional frequency of service.

Under the incremental method it is interesting to note how present services would fare when frequency is increased. The Los Angeles-San Diego corridor, which has experienced explosive ridership growth over the past five years, would continue to grow with the increased frequency, but not at the rate of past growth. In fact, passenger miles per train mile would actually decrease as frequency and ridership increase. By contrast, the New York-Buffalo corridor shows an overall gain as the result of increased frequency.

The question, though, is not so much over what kind of service and when, but whether this study will have any impact at all.

Will the report, as Amtrak hopes, lead to a network of passenger trains? Or will the study instead be put in the corner, seen once but never heard from again?

One thing is certain. The Emerging Corridor Report will not get much attention until some of the other major budget battles are over.

Amtrak is engaged in a fight for its life with the Department of Transportation, which is also trying to slice up Conrail, reduce the Northeast Corridor Improvement Project, and grapple with a host of other thorny railroad issues. The relevant congressional committees are booked solid for hearings on these subjects and have precious little time now to look at Emerging Corridors.

Even the National Association of Railroad Passengers is leaving the subject untouched for now. NARP executive director Ross Capon says, "The current administration does not seem interested in funding rail passenger service, and we're more concerned with saving what we've got."

The dust should begin to settle after

May 15 when budget bills have to be reported out of House and Senate committees. What happens then? One congressional aide says, "Corridor service is the most profitable and makes the most sense. I do expect rail corridors to be addressed in the Amtrak legislation and it is very likely that some money will be appropriated for them."

But another aide notes bluntly, "If the Amtrak system is shrinking it would hardly make sense to expand into more corridors."

The next logical step for the emerging corridors would be an appropriation of money for engineering studies on the most promising routes. To date, data has

been gathered from trips in Amtrak's business car over the proposed corridors. Amtrak, DOT, and railroad officers have discussed some basic needs, but much more refined information would be necessary to continue studies on selected corridors.

Reagan administration resistance to passenger service, and the budget cutting scythe being wielded around Washington, might make it difficult for the emerging corridor issue to move beyond its first toddling steps. But backers of the idea might be wise to remember that you have to crawl before you can walk, and maintaining a low profile is the best way to stay clear of the blade. ■

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Market

CARLOADINGS

Loadings of revenue freight in the week ended Apr. 4 totaled 396,732 cars, according to the Association of American Railroads. This was a decrease of 21,914 cars, or 5.2%, compared with the corresponding week last year. Ton-miles generated by carloadings in the week ended Apr. 4 are estimated at 16.8 billion, an increase of 3.0% above the corresponding week of 1980.

REVENUE FREIGHT CARLOADINGS

Commodity	Apr. 4 week	Mar. 28 week
Grain	24,369	22,953
Farm products	3,003	3,083
Metallic ores	28,621	27,525
Coal	70,320	128,063
Crushed stone, gravel & sand	12,987	12,567
Nonmetallic minerals	13,794	13,293
Grain mill products	14,884	15,260
Food and kindred products	15,934	16,846
Primary forest products	18,546	19,190
Lumber & wood products (except furniture)	9,374	9,888
Pulp, paper & allied products	20,869	20,687
Chemicals & allied products	29,890	31,237
Petroleum products	4,931	5,359
Stone, clay & glass products	14,955	15,338
Coke	6,321	6,262
Metals & products	18,780	18,184
Motor vehicles & equipment	19,224	19,745
Waste & scrap materials	13,279	13,213
Forwarder & shipping assn. traffic	11,508	11,553
All other carloads	44,883	43,248
LCL traffic	260	287
Total cars loaded	396,732	453,781
Cumulative total	1981	1980
14 weeks	6,018,152	6,158,525
Estimated revenue ton-miles (billions), 14 weeks	251.7	249.3

PIGGYBACK LOADINGS

U.S. piggyback loadings for the week ended Mar. 28 totaled 33,699 cars (5.1% below the corresponding 1980 week) and 61,296 trailers or containers (down 5.6% from 1980). Cumulative volume for the first 13 weeks of 1981 is 413,043 (down 5.8% from 1980) and 748,038 trailers or containers (down 5.9% from 1980).

CANADIAN CARLOADINGS

Canadian railway revenue freight loaded in the seven-day period ended Mar. 14 totaled 4.8 million tons (down 4.1% from 1980). Cars loaded totaled 72,509 (down 2,412 from 1980). Cumulative loadings for 1981 were up to 49.0 million tons (up 0.1% from 1980).

● **Maryland Mass Transit Administration.**—Awarded an \$8.7-million contract to Alta/CGA of Stamford, Conn., for supply and installation of an automatic fare collection system for the Baltimore Region Rapid Transit System. The contract covers equipment for the eight-mile Section A line, now under construction, with an option for equipping the six-mile Section B extension, now in final design. Alta/CGA is a joint venture of U.S. and French firms.

● **Union Pacific.**—Awarded \$25.5 million of equipment trust certificates to Merrill Lynch White Weld Capital Markets Group, at an annual net interest cost for the railroad of 13.33%. Proceeds will represent about 80% of the cost of 32 3,000-hp diesel-electric units and 160 100-ton open-top hopper cars.

● **U.S. DOT Transportation Systems Center.**—Awarded a three-year, \$622,064 contract to Wyle Laboratories' Scientific Services & Systems Group for engineering support in railway and transit track systems design.

● **Freight cars and locomotives.**—The following report has been received from the AAR and the ARCI:

	DELIVERED				
	February 1981	January 1980	February 1981	January 1981	Two months 1981
Built new by carbuilders	4,401	7,440	5,064	9,465	14,805
Built new in RR shops	308	463	272	580	891
Built new—total	4,709	7,903	5,336	10,045	15,696
Rebuilt	150	97	35	185	204
TOTAL DELIVERED	4,859	8,000	5,371	10,230	15,900
Locomotives (new and rebuilt)	67	124	29	96	293

	ORDERED				
	February 1981	January 1980	February 1981	January 1981	Two months 1981
To be built new by carbuilders	2,069	3,776	2,147	4,216	10,086
To be built new in RR shops	0	0	0	0	0
To be built new—total	2,069	3,776	2,147	4,216	10,086
To be rebuilt	0	0	300	300	765
TOTAL ORDERED	2,069	3,776	2,447	4,516	10,851

	ON ORDER AND UNDELIVERED				
	March 1 1981	February 1 1980	March 1 1981	February 1 1981	Average backlog 1981
To be built new by carbuilders	41,197	104,045	44,219	42,708	106,911
To be built new in RR shops	3,924	5,361	4,232	4,078	5,592
To be built new—total	45,121	109,406	48,451	46,786	112,503
To be rebuilt	115	661	265	190	710
TOTAL ON ORDER	45,236*	110,067	48,716	46,976	113,213
Locomotives (new and rebuilt)	471	1,291	524	498	1,289

*Due to revisions and cancellations the backlog has been reduced by 690 cars.

